

Physician Executive Talent Finds Path to CEO Suite

As healthcare reform emphasizes care management and measurable outcomes, the search for talent increasingly zeroes in on proven physician leaders. Organizations seek physician executives with demonstrated track records to lead, innovate and align goals with their medical staffs.

How do physician executives prepare for the top office? How are their talents put to the best use? These issues and their own career journeys were discussed by **Richard (Rick) Afable, MD, MPH**, President and CEO, Hoag Memorial Hospital Presbyterian in Newport Beach, CA and **Rodney (Rod) F. Hochman, MD**, President and CEO, Swedish Medical Center in Seattle, WA in an interview conducted by Christine Mackey-Ross, Witt/Kieffer Senior Vice President.

Q. Christine Mackey-Ross:

While both of you have had varied careers, how did you move into administrative medicine and what contributed to that decision?

A. Rodney F. Hochman, MD:

The important thing is willingness to do just about any job you are asked to do. My first administrative job was being responsible for two of our medical affiliations when I was with Guthrie Health System. I realized that no one wanted to do those jobs because no one wanted to drive in snowstorms to Syracuse. So that was the auspicious start of my

administrative career: a willingness to take on responsibilities that were outside the clinical realm. I quickly realized I could make a far greater impact on healthcare delivery on the administrative side than I could seeing patients every hour.

A. Richard Afable, MD, MPH:

Physicians who find themselves in executive roles and are successful in those roles are actually the doctors who are most clinically inclined. It's almost counterintuitive. One would think that doctors go into executive work because they are not happy with being a clinician or they somehow are dissatisfied with taking care of patients. The best physician

executives are doctors who care so deeply about patients that they have chosen to take that need to care for people to a higher calling and lead organizations in caring for communities.

Q. Mackey-Ross:

What skills or experiences in your own careers contributed to your success as physician CEOs?

A. Hochman:

Taking advantage of events that happen in your career and learning as much as you can from them. When I was in Cincinnati, my CEO said we were going to merge with the university hospital and I was thrust into a different job. I probably learned more about the whole negotiating process and setting up new organizations from that one experience. The axiom that you learn as much from the things that

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didn't go as well as the ones that went well is true; it really adds to the knowledge base as you move along.

Q. Mackey-Ross:

How have you used your physician background to drive alignment?

A. Hochman:

It gets you in the door so you can have a conversation, particularly when we are in situations where the alignment hasn't been all that good. Physicians will cut you some slack, but ultimately they want to see results. You have to prove that you understand what the issues are.

You know the code language, which is very helpful. When physicians talk about a frustration they're having in the OR or in their practice, it makes it a lot easier for us to understand and translate to our fellow administrators who have not necessarily gone through all that acculturation.

A. Afable:

Being a physician executive has been very helpful because it allows me to work with physicians and cut through some of the red tape or bureaucratic or political elements that are so common in the hospital administration/physician leader relationships. I do not hear comments that "my patients are sicker" because they know that I know.

Q. Mackey-Ross:

Does being a physician CEO have implications for how many physician executive positions you have created or the way in which you have formally or informally involved physicians in strategic decisions?

A. Afable:

The value proposition these days is less about asset management and much more about medical management and care management. So the individuals who have the deepest knowledge on how to actually improve care management both from the clinical outcomes perspective, as well as from the financial perspective, are the physicians and nurses. Nurses control management but the physicians control utilization.

Being a physician executive allows me to choose the right persons to address the need on a specific basis. If that need is about how we reduce the cost of care, how we improve the clinical outcome, how we improve safety, or make the patient experience better, the persons most able to achieve those goals are the physicians and nurses. I find non-physician executives use more traditional

means to improve processes, such as Lean, Six Sigma or PDSA (Plan-Do-Study-Act). Those processes are great; however, I find them to be insufficient in today's environment.

Q. Mackey-Ross:

Do you formalize those roles or are you fluidly assigning physicians to different projects or task forces or aspects of strategy in the organization?

A. Afable:

I try to formalize them as often as I can. I define alignment around four parameters: clinical alignment (everybody wants to get the same outcome), operational alignment (we want to do it in a certain way), financial alignment and vocational alignment (what are you trying to accomplish). Anything I can structure that puts physicians in clinical, operational, financial and vocational alignment around our mutual goals, then I want to formalize that structure, whether it is a co-management agreement or a joint venture.

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A. Hochman:

On the physician side, we have formalized a number of positions in our organization. We have a chief medical information officer and I would attribute some of our greatest success in implementing our electronic health record to that individual. We have a physician executive director at our 800-physician medical group. The chief administrative officer at our hospital is a physician and then we have the traditional CMO for the system and a VP for Medical Affairs at each one of our hospitals.

Q. Mackey-Ross:

As you look back at your own preparation for this role, is there a role or work experience that you were not exposed to but might actively seek out now?

A. Afable:

I would have made sure that I put myself in roles and experiences that had measurable, clearly demonstrable results that could be ascribed to the work that I carried out. Physicians very often feel that with or without the MBA, they can step into a role and be acknowledged as somebody who is going to be successful merely because of their training, their education and who they are — and that is just not the case. Success is based upon what you have done and the results you have produced.

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A. Hochman:

When we are looking for the next cadre of physician leaders, I love the ones who are willing to jump in and do some of the things that don't seem popular. I try to tell physician executives: no one is going to hand you the keys to the car right off. You are going to do some of those other tougher jobs and work for the medical group looking at physician compensation and stuff like that. Those are the folks who are going to be successful.

Q. Mackey-Ross:

Was there anything about taking that first CEO job that you had not anticipated before taking that role?

A. Afable:

Until you get that first job, you can never anticipate exactly what it will mean to you until you actually have to participate.

There were certain elements of the job where I had less-than-ideal experiences, such as construction. When I came to Hoag back in 2005 there was a lot of construction going on and I felt a bit uneasy that I didn't have as much skill and knowledge that I would have liked.

You really learn fast when you get into it.

Then there are certain elements of governance that are so unique that you have to be able to adapt. There isn't a recipe on governance because, just like healthcare delivery, governance is so locally unique. So you have to spend time to understand what local governance means while you develop it in a way that would be most beneficial to the organization.

A. Hochman:

You find out that it's not as easy as it looks and it's a lot lonelier because there is a separation. Ultimately, if you are the kind of CEO you should be, you realize the buck stops in your office. One warning for all physician CEOs: You have to remember that you are no longer the CMO or the VPMA and you have to respect those roles and responsibilities with other individuals in your organization.

Q. Mackey-Ross:

When you read about the successes of some of our outstanding leaders, very often they talk about the role that mentorship played in their careers. Did either of you have mentors along the way?

A. Hochman:

I have mentors who have been chief executives of health systems and I still call them. It's also really important to have peer-to-peer mentoring. Rick and I have been part of a fraternity of former CMOs and we find the ability to call each other for advice very helpful. The third area that has helped me are the people who have helped recruit me to places. They have become friends over the years and there is a lot of good advice that you can get from those quarters as well.

I think it's not as much about mentorship as it is about the network. What I would advise physicians is start early and develop your network of people in health care that you will go back to 20 or 30 years later. Cultivate it from the beginning because it's going to be very useful in your career.

A. Afable:

Interestingly, mentorship is not as direct for physician executives as it has been for those who go through the usual track to the CEO role. Like those who have come through an MHA program, for example, where they start a residency and work with some iconic hospital leader and are developed over time.

I learned the most by working with CEOs across a large system when I was with Catholic Health East. I worked with 20 different CEOs at that time. Watching

CEOs being successful or not in certain situations has been a tremendous education for me, which then led to experiences that ultimately culminated in who I am, how I operate and what I do.

Q. Mackey-Ross:

We have seen an exponential rise in the number of physician executives called for by the market, perhaps as a result of healthcare reform. Will physicians naturally queue in succession planning and be more viable candidates as CEOs, COOs and in other roles?

A. Hochman:

Absolutely. A lot of organizations are making conscious decisions that their next CEO will be a physician. They are not quite sure how that is going to happen. Some are saying that if we want our next CEO to be a physician, maybe we need to recruit the COO as a physician to put that individual in the queue.

A. Afable:

There is greatly increased interest in physician executives leading healthcare organizations. In the past you wanted someone who could manage money and people and facilities. The future is more

about someone who can manage care. There is a perception that physicians who have sufficient experience and skill in the non-clinical areas, but have deep skill in the clinical areas, especially the care management areas, just might be the formula for success for a chief executive for the next ten years, as opposed to the last fifty.

Q. Mackey-Ross:

Did either of you get formal business education that helped prepare you for this role? How do you feel about formal business training for the next generation of physician executives?

A. Hochman:

When I started on this journey no one was even thinking about advanced education and it was really, for me, learning on the job. I have always instructed physician executives to learn from the people who are part of their team. I got my business degree from the CFOs, HR people and CEOs who I have worked with throughout my career, along the way supplementing with business courses. When doctors ask "Should I get an MBA?" and they have a clear direction of how they want to put that degree to

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work, then my answer is yes. In this day and age it is more of a prerequisite but not a substitute for on-the-job training.

Q. Mackey-Ross:

As you hire physician executives, is it fair to say that the graduate degree won't get you the job, but that given two equally prepared candidates, the degree might tip the scales in your favor?

A. Afable:

It would be unusual for a graduate degree to be a requirement of the job, unless the job was specifically around something like organizational development or financial management. I have not experienced the necessity of a business degree in order to allow someone to compete for a job. Someone who has sought a graduate degree in order to improve themselves and to increase their skills and talents might signal for me someone who has the commitment and capabilities that I want in my organization.

A. Hochman:

You can sort out in the interview process whether someone has gotten the MBA or MHA just as a credential or have they really put it to work. Can they give me specific examples of how they have worked on a project? Have they looked at the financial analysis? That tells me more about how they are thinking than whether they have the degree or not.

Q. Mackey-Ross:

Do you have a preference for candidates who have an MBA versus an MHA or an MPH? Is there a discernible difference in those educational paths among physician executives?

A. Afable:

I have a master's degree in public health, but I obtained my MPH prior to my decision to go into executive work. I took some undergrad classes in accounting because I needed to understand the verbiage of the financial world so that I could participate. The courses in accounting allowed me to participate very actively in the financial portion of my job and also to be a good translator between financial management and clinical management in our organization.

A. Hochman:

What's more important is if they really understand business principles. In many ways an MBA offers more flexibility. They will learn a lot about health care as they have been involved in it during their career, so it's more about whether they have acquired business skill sets that will be necessary when they are on the job.

Q. Mackey-Ross:

What about the newly minted physician MBA who has the portfolio of a VPMA without the title? They are leading all the right committees, they have done all of the elected medical staff office work, and they are really struggling to break into a VPMA role. How do you get that first person to take a chance on you?

A. Afable:

VPMA's have a lot of responsibility and they are very important to an organization's success. I don't think a newly-minted MBA without a lot of managerial experience would be the best person in that role.

The physician who has only been at the bedside or in the office who then gets an MBA and thinks he/she can jump right into a VPMA role is myopic. It's in the best interest of the physician executives to get as much managerial experience and goal-oriented operational work as they can before they get into something that is too much for them to handle and would put them or an organization at risk.

Q. Mackey-Ross:

How do you evaluate managerial experience if the physician executive has garnered it on the payer side of the market?

A. Afable:

Any experience that is part of the healthcare equation is beneficial, so I place a lot of credibility in people who have spent time on the payer side; I did myself. I was a vice president in an academic medical center-owned health plan for three years and that was a tremendously beneficial experience. Just being able to speak Per Member Per Month language is very helpful in today's environment. It's not so much that they are in a health plan but that they are in an organization where they had to manage and produce meaningful results.

A. Hochman:

I find us looking for physicians who have been involved on the risk side, potentially to lead an ACO-like organization. Work on the payer side has increased significantly in value. Someone who has been on the payer side who is part of the executive management team is really helpful, particularly for a physician executive. We also look for experience in large medical group practices. If they have experience in all of those areas, that's the type of person we will look for in a VPMA role in one of our smaller hospitals. For some of the folks out there, set your sights; it doesn't have to be a 700-bed teaching hospital, but it might be a smaller hospital where you can take that next step.

Q. Mackey-Ross:

What do you see as the pool of candidates coming up?

A. Hochman:

The pool is increasing and improving but, quite frankly, board expectations have to be scaled back a bit. When I talk to someone at a 300- to 400-bed hospital about what they are looking for and then knowing who they are going to attract, there is sometimes a disconnect. I could find candidates for them and they might say, "Do you think they are experienced enough?" but given Rick's and my experience, we know they will be a good fit for their organization. At Sentara, we were trying to put this doctor in at this hospital and I finally said in frustration, "This hospital is 900 yards from the corporate office, so not too much is going to go wrong. Let's give it a go." I encourage boards and management teams to take justifiable risks with the physician executive candidate.

A. Afable:

The pool of individuals who are perfect for positions is small, but the pool of individuals who have tremendous potential to be successful is actually larger than what we might think. When I am looking at someone who is making a transition, I look for attitude more than aptitude. When I identify people with attitude that will often times drive success, I am much more willing to take some chances.

Witt/Kieffer is grateful to Dr. Afable and Dr. Hochman for their participation in this provocative discussion about physician executive talent. For more on physician leadership, visit www.wittkieffer.com.

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Richard Afable, MD, MPH, has served as President and Chief Executive Officer of Hoag Memorial Hospital Presbyterian in

Newport Beach, California since 2005. Formerly, Dr. Afable was the Executive Vice President and Chief Medical Officer at Catholic Health East, an East Coast health system. He has also served as an Associate Professor of Medicine at Wake Forest University and as Clinical Assistant Professor of Medicine at Northwestern University. Early in his career, Dr. Afable spent 10 years in private practice in Chicago, specializing in internal medicine and geriatrics. Dr. Afable received his bachelor's degree from Loyola University in Chicago and his medical degree from the Loyola Stritch School of Medicine. He obtained his MPH degree from the University of Illinois School of Public Health and a certificate in business administration from Villanova University.



Rodney Hochman, MD, began serving as President and Chief Executive Officer of Swedish Medical Center in Seattle in April 2007. Dr.

Hochman previously held the position of executive vice president of Sentara Healthcare based in Norfolk, VA. His medical background is in Rheumatology and Internal Medicine, and he has served as a Clinical Fellow in Internal Medicine at Harvard Medical School and Dartmouth Medical School. In addition, Dr. Hochman is a Fellow of the American College of Physicians, a Fellow of the American College of Rheumatology and a member of the American College of Healthcare Executives. He earned his medical degree from Boston University School of Medicine and his bachelor's degree from Boston University.



Christine Mackey-Ross, Witt/Kieffer senior vice president and physician integration and executive leadership practice

leader, has led successful searches for a wide variety of physician executive roles, as well as CEOs, COOs, CFOs and many other senior-level executives in all sectors of health care, including integrated delivery systems, academic medical centers and group practices. Christine's career, prior to joining the firm in 1995, included multiple roles in nursing administration and experience as an oncology clinical nurse specialist. She holds an MBA from Washington University, John M. Olin School of Business in St. Louis, MO, a BSN from St. Louis University and RN from Deaconess Hospital School of Nursing in St. Louis.

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